





1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT DOT MATRIX TYPE.

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>USAID/Swaziland</u> _____ (ES# _____)	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slippage <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>95</u> Q <u>4</u>	C. Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
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Project No.	Project / Program	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
645-0237	Family Planning Endowment Project	FY 92	09/95	1,681	1,681

E. Action Decisions Approved By Mission or AID/W Office Director		
Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
1. FLAS to select a new fund manager to invest in gilts and blue chip shares on the Johannesburg Stock Exchange (JSE) which will result in much higher returns.	FLAS	June 1996
2. FLAS to document specific AID audit requirements and send these to their auditors annually with copies of these letters to the Regional Center for Southern Africa (RCSA).	FLAS	January 1996
3. FLAS should prioritize the seeking of additional sources of revenue. It is recommended that management conducts a workshop to address identification of potential sources, approaches that are likely to succeed, further inputs, analysis and documentation that are required for approaches and responsibilities and timeframes.	FLAS	December 1996

F. Date of Mission Or AID/W Office Review Of Evaluation:	(Month)	(Day)	(Year)
	11	08	1995

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission of AID/W Office Director
Name (Typed)	Anita Sampson	Khetsiwe Dlamini	Valencia Msibi	Jack Royer
Signature				
Date	12/21/95		12/21/95	12/22/95

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The purpose of the Family Planning Endowment Project is to capitalize an endowment for the Family Life Association of Swaziland (FLAS) to sustain the provision of improved and expanded family planning services. Implementation was undertaken with the assistance of the Family Life Association of Swaziland (FLAS). The FINAL evaluation was conducted by Coopers and Lybrand.

The objective of the evaluation was to determine if FLAS had met the terms of conditions of the endowment grant and to what extent had FLAS been successful in managing the endowment funds.

The evaluator consulted with FLAS and USAID, reviewed relevant documentation and reviewed the financial records of FLAS.

The major findings and conclusions are:

1. FLAS has successfully complied with the Grant Agreement and other Project documents.
2. FLAS has largely achieved its strategic goals and should be regarded as a successful project.
3. FLAS should document the AID specific audit requirements and send these in a letter to their auditors annually with a copy to the Regional Center for Southern Africa (RCSA).
4. FLAS should seek additional sources of funding to broaden their resource base.
5. FLAS should recruit a new fund managers and begin making investments in South Africa where the return on investments are much higher. The Grant Agreement specifically precluded investment outside of Swaziland due to the political situation in South Africa in 1992. Since then South Africa has completed its democratization process and investment in the South African stock exchange is now encouraged.

Lessons learned:

The most important lesson learned is that endowments are a useful development tool, particularly for family planning organizations.

COSTS

I. Evaluation Costs

1. Evaluation Team		Contract Number OR	Contract Cost OR	Source of Funds
Name	Affiliation	TDY Person Days	TDY Cost (U.S. \$)	
Andrew Clarke	Coopers and Lybrand	15 days	\$6,000.00	Program Development and Support (PD&S)
2. Mission/Office Professional Staff		3. Borrower/Grantee Professional		
Person-Days (Estimate) <u>5</u>		Staff Person-Days (Estimate) <u>10</u>		

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings - Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- | | |
|--|--|
| <ul style="list-style-type: none"> ● Purpose of evaluation and methodology used ● Purpose of activity(ies) evaluated ● Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> ● Principal recommendations ● Lessons learned |
|--|--|

Mission or Office
USAID/Swaziland

Date This Summary Prepared:
21 November 1995

Title And Date Of Full Evaluation Report:
Family Life Association of Swaziland, Endowment Fund
Grant Agreement 645-0237-G-SS-0213-00 Final

The purpose of this final evaluation of the Family Planning Endowment Project was to determine if FLAS was able to successfully manage an Endowment.

The evaluator (Coopers and Lybrand) performed this assignment using the following considerations; consultations with stakeholders (FLAS and USAID), review of relevant documentation, consideration of compliance with relevant conditions, performance evaluation using Performance Auditing Methodology, financial analysis of historical and projected income, expenditure, capital growth and cash flow.

The final evaluation report attached states that FLAS has complied with Grant conditions as they relate to the Endowment Fund in all respects. The performance of FLAS is evaluated as being good and it has been successful in achieving the majority of its set goals, objectives and targets. The report strongly recommends that FLAS emphasize fund-raising activities in 1996 in order to raise additional revenue to provide for long-term sustainability and allow for expansion of operations. The report also recommends that FLAS invest in gilts and blue chip shares on the Johannesburg Stock exchange in order to receive better returns on their investment. It is also recommended that new potential fund managers be approached to propose for the fund management in the near future. The final recommendation is that FLAS should document specific AID audit requirements and notifies auditors of these annually with copies to AID.

The most important lesson that has been learned by FLAS is how to manage an Endowment portfolio. AID has learnt that Endowment's are a useful development tool to assist organizations that have had a great deal of institutional assistance. Endowments are a tool that should be considered for countries and good programs where there is no bilateral Mission as they are easy to implement and require minimal oversight.

The Grantee and the Mission found the final evaluation report to be very useful. The findings that are cited in the report generally concur with the conclusions reached by the Mission and FLAS.

Coopers
& Lybrand

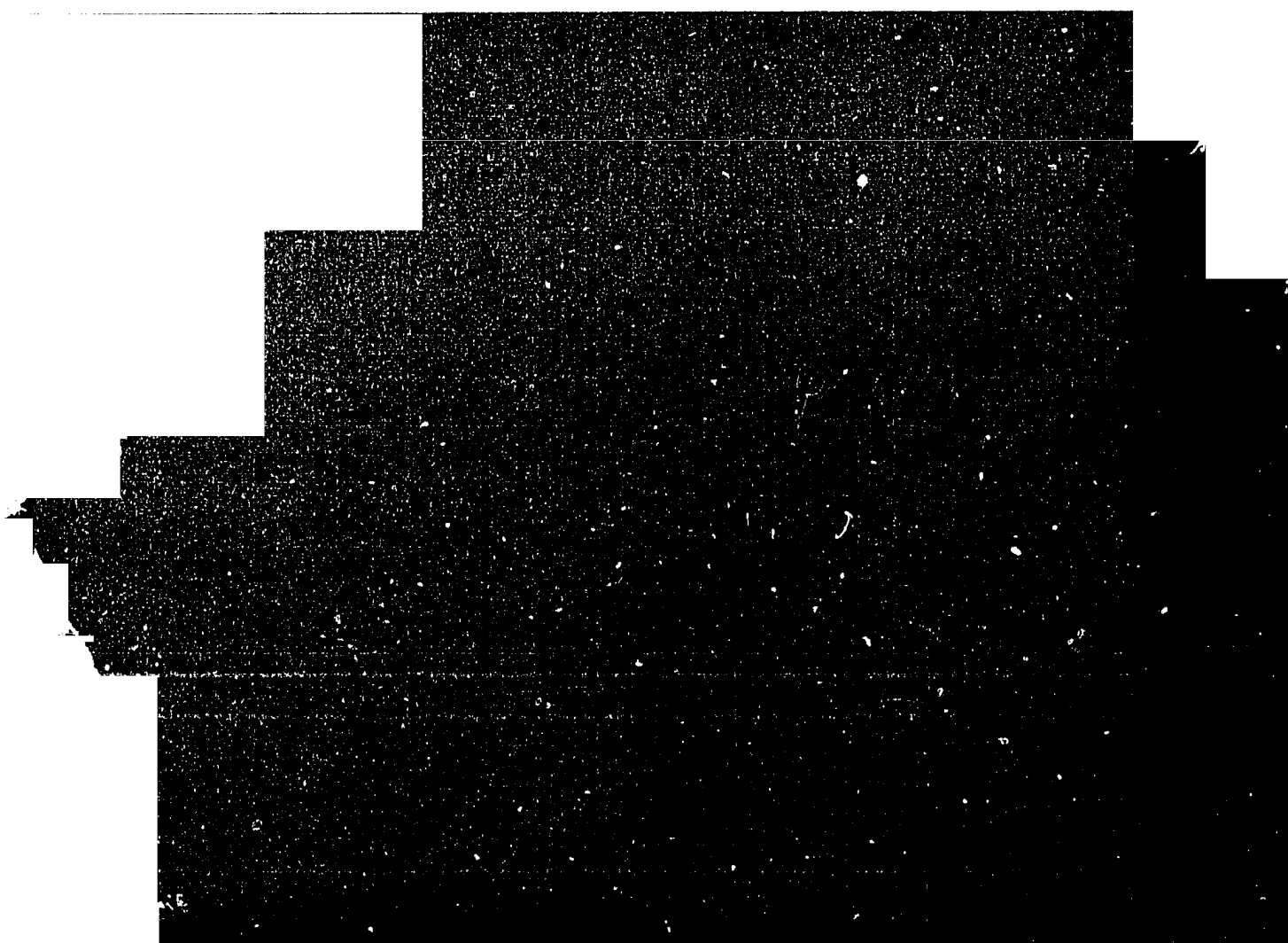
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Family Life Association of Swaziland

**Endowment Fund Grant Agreement
645-0237-G-SS-0213-00**

Final Evaluation



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I. Executive Summary

101 This Executive Summary follows the same order as the sections of the report contained hereafter.

Background

102 USAID provided the Family Life Association of Swaziland (FLAS) with an Endowment Fund of US\$1 681 000 in terms of Grant Agreement 645-0237-G-SS-2013-00 effective for three years from September 30, 1992. FLAS received the Endowment on June 3, 1993 at local value E5 329 610. The intention of this Fund was to enable FLAS to provide improved and extended family planning services in Swaziland, particularly as USAID's direct funding of FLAS is due to finish at the end of 1995.

Methodology and Documents Reviewed

103 Coopers & Lybrand in performing this assignment has used the following approach:

- Consultations with stakeholders (USAID and FLAS)
- Review of relevant documentation
- Consideration of compliance with relevant conditions
- Performance evaluation using Performance Auditing Methodology
- Financial analysis of historical and projected income, expenditure, capital growth and cash flow

Compliance with Grant and Other Conditions

104 FLAS has complied with Grant and other conditions as they relate to the Endowment Fund in all material respects.

Performance Evaluation

105 Performance of FLAS is evaluated as good and it has been successful in achieving the majority of its set goals, objectives and targets. It is recommended strongly that a great deal of emphasis be placed by FLAS for 1996 in finding additional sources of revenue to provide long-term sustainability and to allow for expansion of operations.

Endowment Portfolio Management

106 Investments have been restricted to within Swaziland to date, but from September 30, 1995, investments can be made elsewhere. From analysis performed, it appears likely that FLAS can achieve better returns through a conservative approach to investing in gilts and blue chip shares on the Johannesburg Stock Exchange (JSE). It is recommended that new potential fund managers be approached to propose for the fund management in the near future.

Conclusions and Recommendations

107 It is recommended that FLAS documents specific USAID and other donor audit requirements, notifies auditors of these annually and sends copies of these letters to USAID and other relevant donors. All other significant conclusions and recommendations are included in the paragraphs above.

Annexures

108 Annexures to this report set out supporting details on :

- Income, expenditure and fund management
- Compliance with Grant and other conditions
- Operational performance
- Performance evaluation
- Future fund management

II. Background

201 The Family Life Association of Swaziland (FLAS) was founded in 1979 as a non-governmental, not-for-profit organisation. The primary goal of the organisation is to educate and assist disadvantaged persons on use of contraception, spacing of children and family planning generally. Additional services relating to ante-natal, post-natal and sexually transmitted diseases have also been offered to the public.

202 Services have been provided by FLAS mainly at nominal or no cost. The major donors for the project have been the International Planned Parenthood Federation (IPPF) and USAID. These donors have provided funds to cover recurrent expenses, but there has been an increasing awareness that alternative, more long-term sources of funds are needed to make FLAS's operations more sustainable into the future.

203 In 1992, USAID authorised an endowment of US\$1,681,000 to FLAS. The money was deposited into a FLAS bank account with Meridien Bank of Swaziland on June 3, 1993 for local value E5,329,610.50. The intention of the Endowment Fund was that the money be invested and the income be used to allow FLAS to continue to provide family planning services. It was envisaged that income should contribute about 25% of FLAS's recurrent expenses and, in addition, sufficient income should be reinvested to maintain the real capital value of the Endowment Fund.

204 The Endowment Fund Grant was made effective September 30, 1992 and was subject to a number of conditions for three years, until September 30, 1995 - the "program period". Direct USAID funding of FLAS also discontinues at the end of 1995. IPPF funding of FLAS will be subject to renegotiation in 1997.

205 This report is required in terms of the Endowment Fund Grant Agreement as a final evaluation of the historical performance of the Endowment Fund in relation to stated goals, objectives and targets. The report also assesses historical investment policies and performance and includes recommendations for the future investment policies, particularly now that the USAID restriction limiting investments to within Swaziland has fallen away from September 30, 1995.

III Methodology and Documents Reviewed

301 Our approach to this assignment has contained the following major elements:

- Consultation with shareholders
- Consideration of compliance with relevant conditions
- Performance evaluation
- Financial analysis

302 Interviews and meetings have been held with USAID and FLAS representatives to ensure that their concerns and relevant issues have been addressed and also that recommendations are likely to be supported and therefore actioned. Meetings were conducted with:

- USAID Program Manager
- FLAS Executive Director
- FLAS Assistant Director Finance
- FLAS Program Manager
- FLAS Malkerns Clinic Nurse In Charge
- FLAS Manzini Clinic Nurse In Charge
- FLAS Mbabane Clinic Nurse In Charge

303 A number of documents have been reviewed during this assignment, including:

- Grant Agreement Number 645-0237-G-SS-2013-00 and Attachments 1 and 2 thereto
- Project Data Sheet (September 29, 1992)
- Project Authorisation (September 29, 1992)
- Action Memorandum for the Acting Director, USAID Swaziland (September 29, 1992)
- Proposal to establish an Endowment for FLAS (September 28, 1992)
- Completed 5C(2) - Assistance Checklist (Undated)

- USAID letter to Minister of Health seeking endorsement of Endowment (September 16, 1992)
- US Government telexed approval of project funding (September 24, 1992)
- Environmental Categorical Exclusion (September 15, 1992)
- IPPF notification of intended continued support to FLAS (September 29, 1992)
- Summary Family Planning Endowment POV Proposal (September 17, 1992)
- Memorandum of Understanding between FLAS and Meridien Bank regarding Endowment Portfolio Management Services (April 27, 1993)
- Mandatory Standard Provisions for Non-US, Nongovernmental Grantees
- Applicable Standard Provisions for Non-US, Nongovernmental Grantees
- Recipient Contracted Audit Reports of FLAS for the years ended December 31, 1993 and 1994
- Bilateral Agreement between Swaziland Government and U.S. Government on Technical and Related Assistance (December 5, 1989)
- Financial Constitution
- FLAS Human Resources Management Policy and Procedures Manual - Disciplinary Code and Procedures
- FLAS Strategic Plan 1996 - 2000
- FLAS Service Statistics Quarterly Reports September 1993, 1994 and 1995
- FLAS CBD Service Statistics Summary Reports August 1994 and 1995
- FLAS Private Sector Service Statistics Reports August 1994 and 1995
- Endowment Workplan 1993
- Meridien Investment Plan (January 27, 1993)
- Meridien/FNB Progress Reports on Endowment Fund covering June 1993 to June 1995
- FLAS Endowment Project Implementation Reports covering April 1992 to March 1995
- FLAS Endowment Forecast 1994

- FLAS Endowment Half-yearly Reports covering September 1993 to September 1995

304 Extracts were made from relevant agreements, mainly the Grant Agreement, the Memorandum of Understanding with Meridien Bank and certain project proposal and implementation documents. Conditions were noted and compliance with these reviewed. This is covered in more detail in Section IV of and Annexure B to this report.

305 Performance of the project has been evaluated using the Coopers & Lybrand internationally developed Performance Auditing Methodology and this has been related to the goals, objectives and targets of FLAS as set out in the Project Paper and in FLAS's Strategic Plan 1996 - 2000. Details of work done and findings are included in Section V of and Annexures C and D to this report.

306 Financial analysis has also been performed using spreadsheets. Areas that have been analysed include :

- Income on Endowment Portfolio since inception
- Available returns on the Johannesburg Stock Exchange (JSE) for blue chip shares and gilts
- FLAS expenditure from Endowment income
- Projected cashflow and capital growth for the Endowment Fund for future years

307 Based on work done as described above, certain conclusions and recommendations have been reached. These are set out in Section VII to this report.

IV Compliance with Grant and Other Conditions

401 As set out in the previous section of this report, a number of documents have been reviewed in the course of this assignment. Documents that contained conditions which have been reviewed to ensure complied with are:

- Endowment Fund Grant Agreement
- Project Authorisation
- Action Memorandum
- Proposal to Establish Endowment
- Memorandum of Understanding between FLAS and Meridien Bank
- Standard Provisions relating to USAID grants

402 A program was drawn up to include all relevant conditions and this is included together with comments related to each step as Annexure B to this report. The majority of conditions have been successfully complied with by FLAS and USAID. Specific issues for consideration are included below.

403 The Grant Agreement stipulated that FLAS should amend its Charter to preclude the use of the Endowment capital for expenditure, to ensure at least one director is financially reputable and to ensure that reinvestment plans for the Endowment Fund are prepared annually. While FLAS's Constitution does allow for the above, it does not specifically require them. USAID did however review FLAS's internal policies and regulations in this regard and accepted them as adequate. No further actions are therefore considered necessary.

404 There is some concern regarding the future reporting to USAID of audit findings, which is required until 2002. If FLAS were to contravene certain conditions, USAID may withdraw the Endowment Fund. It is therefore recommended FLAS documents specific audit requirements for USAID and other donors not within the scope of normal audits and sends these to its auditors on an annual basis and copies to USAID and other relevant donors. Steps 4, 5, 6, 12, 13, 16, 17, 18, 20, 21 and 28 of the Grant Agreement Compliance Program in Annexure B will need to be followed in future audits in meeting USAID requirements.

405 About E13 000 was spent early on in the program on office furniture for additional staff who had been recruited to increase FLAS's service levels, utilising part of the increased income available through the Endowment Fund. It was originally envisaged that the Endowment income would be utilised only for direct staff costs and it may also be argued that the furniture's link to the provision of family planning services was too tenuous. This expense was, however, eventually accepted by USAID and no further action now needs to be taken.

406 Certain other specific issues which relate to performance of the program and the Endowment Fund itself are dealt in Sections V and VI of this report.

V Performance Evaluation

501 The Coopers & Lybrand Performance Auditing Methodology was utilised to assess the performance of the program since the commencement of the project on September 30, 1992. This Methodology considers twelve attributes which work together to ensure the effectiveness of organisations.

502 A specific program was drawn up which addressed particular issues under each of these attributes. The most important of the attributes for the purpose of this assignment is the achievement of intended results - ie did FLAS meet its goals, objectives and targets?

503 The overall assessment of FLAS's performance is strongly positive. This can be seen from the completed performance evaluation program in Annexure D to this report and an analysis of the use of FLAS's services, particularly through measurement of new patients seen, revisits and contraception provided as set out in Annexure C. It should be noted that virtually all areas of FLAS's levels of service have increased significantly over the past three years. A few specific issues that should be considered regarding performance are detailed below.

504 FLAS has known for some time that USAID is withdrawing direct funding at the end of 1995. It has also known that IPPF funding is up for renegotiation in 1997 and that there are many demands on IPPF's available funds. Revenue raised through charges for services has remained negligible in relation to FLAS's cost base. At the same time costs will be subject to inflationary pressure and past trends suggest increased demands on FLAS's services in the future. No substitute sources of revenue have however been obtained to date.

505 It is recommended that, at least for 1996, FLAS devotes significant time and effort to obtaining additional revenue sources. Potential sources should be identified and listed with realistic assessments of obtaining funds from them and the likely amounts involved. An approach should be adopted for each of the most likely sources and the necessary papers prepared for presentation to them. FLAS has achieved significant success in service delivery, but unless revenue generation is included as an integral part of its operations in future, it will not be in a position to grow further or, in the longer term, even to sustain its current levels of operations.

506 The USAID Program Director included in the proposal document for the Endowment Fund that the program goals should include decreasing the incidence of STD's and AIDS. While national statistics on STD's incidence are not available and the incidence of AIDS is increasing, it is considered that these goals were unrealistic and beyond FLAS's control. It is therefore not considered fair to judge FLAS's performance in relation to them.

507 Overall, FLAS is widely regarded in Swaziland as successful in its field and this is seen
by:

- Increasing trends in usage of FLAS's services and contraceptives
- Successful liaison and co-operation with other programs and NGO's
- Informative and regular reporting on operations
- Improved productivity in the provision of services
- Focused management and good working environment
- Positive perception of FLAS's services by users
- Achievement of stated goals, objectives and targets

VI Endowment Portfolio Management

601 Certain restrictions were placed on the Endowment Fund regarding investments. Chief amongst these were:

- No withdrawals should be made against the capital and reinvestments should be made where possible to retain its real value
- During the life of the program, until September 30, 1995, investments were to be made purely in Swazi securities
- No investments in real estate were to be made during the life of the program
- Investments should not be made in high risk securities or those with unpredictable returns
- Investments should not be made in military, police or surveillance equipment, abortion related, weather modification, alcoholic beverages, tobacco or gambling industries
- Professional fund managers should be used to advise FLAS on investments

602 FLAS decided to use Meridien Bank as Fund Managers following discussions with them and as a result of the need to employ fund managers who would then invest purely in Swazi securities. Details of income generated are included in Annexure A, but some important statistics at June 10, 1995 (the last reporting date by the Bank) are:

Original investment amount E5 329 610

Period of investment 758 days (June 3, 1993 to June 30, 1995)

Total income earned E1 423 111

Effective interest rate 12.24%

Reinvested in endowment portfolio E562,690

Balance unutilised in income accounts E 170,742

Expenditure on program E550 400

603 Meridien Bank originally acted as Fund Managers for the FLAS Endowment Fund in terms of a Memorandum of Understanding between the two parties. Meridien was taken over by First National Bank (FNB) late in 1994 and FNB has not formally ratified taking over as Fund Managers.

604 Certain complaints, which are included in more detail in Annexure A to this report have been voiced against Meridien /FNB's management of the Fund, chiefly that:

- Very little active investment advice has been given
- Reporting, which should have been done quarterly, has been inconsistent in timing and contents
- Officials responsible for managing the Fund and liaising with FLAS have changed frequently

605 No charge has been made by Meridien/FNB to FLAS for 1995 for management of the Fund. Based on an increasing scale of 0.6% for the first two years, 0.8% for the next year and 1% thereafter such charges are likely to amount to approximately E35 000 to September 1995. FLAS has not yet accrued for this charge.

606 While there is an element of increased risk in investing in equities, the longer term investor is able to reduce this risk by spreading the investment portfolio and holding shares through short to medium term market fluctuations. If FLAS had been invested evenly between gilts and blue chip equities on the JSE through a professional asset management firm instead of purely in Swaziland through Meridien/FNB, it is likely that returns would have been in the region of 15% on gilts, 20% capital appreciation on equities and 3% in dividends. This would have yielded an average return of 19% of which 9% would have been cash flow. (This compares to the 12% achieved.) Total income of E2 247 266 could have been generated of which E1 044 529 would have been cash flow compared to the E1 423 111 total income actually achieved.

607 Although capital growth and reinvestments will not be adequate in the long term to sustain the increasing salary expenses, they will cover them in the short to medium term and significantly contribute to them for many years. This does, however, again emphasise the need for FLAS to prioritise sourcing of additional funds.

608 It should be noted that FLAS's investments in debentures quoted on the Swaziland Stock Exchange may now have changed in obtainable market value. The prices obtainable in Swaziland are however subject to significant fluctuation due to the limited market size and there is no guarantee that original purchase costs can now be obtained, although the last deal prices were actually above cost for both debenture types held by FLAS.

	<u>Purchase Cost</u>	<u>Deal Price</u>	<u>Deal date</u>
SSA Debentures	E1 300 000	105%	August 1995
SPTC Debentures	E2 542 200	103%	June 1995

609 There is currently no non-residents tax payable on South African generated interest, but there is a non-residents tax on dividends at 15%, although this is likely to be eliminated in the near future. In any event, dividend income is likely to be much lower than capital growth on shares and non-residents tax payable would therefore be minimal. Practice to date by the South African Receiver of Revenue has been to not then levy tax on any income from reinvested income (which may have been classified as South African sourced and therefore subject to tax). For calculation of returns available to FLAS, no adjustment is made for any tax payable as this tax would either be minimal (on average about 2% of income generated or 0.2% of capital value) and is likely to fall away completely in the near future.

610 Generally it appears that it will be to FLAS's best advantage to change from Meridien/FNB to a reputable South African firm with expertise of managing investment portfolios on the JSE. More details on this together with a draft request for proposals for Fund management are included in Annexure E to this report.

VII Conclusions and Recommendations

701 This section of the report serves to draw together the main conclusions and recommendations that are contained in Sections IV to VI. These are set out below.

702 FLAS has complied with Grant and other relevant documents' conditions. It is recommended that FLAS documents specific USAID and other donor audit requirements and sends these to its auditors annually with copies of these letters then sent to USAID and other relevant donors

703 FLAS has largely achieved its strategic goals and should be regarded as a successful project. One area that should now be prioritised by FLAS is the seeking of additional sources of revenue and it is recommended that management conducts a workshop to address identification of potential sources, approaches that are likely to succeed, further inputs analysis and documentation that are required for approaches and responsibilities and timeframes.

704 Investments have been restricted to the very limited Swaziland market to date. It is recommended that an approach be made in the near future to a selection of potential fund managers to invest in gilts and blue chip shares on the JSE as this should result in much higher returns than those achieved to date. Relevant information on potential fund managers and draft requests for proposals, so the change of fund manager can be effected in a short timeframe after the decision to do so is adopted, is included in Annexure E to this report.

Annexure A

Income, Expenditure and Fund Management

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Sundry investment management issues	24

Income and Expenditure Projection Summary

Year	Salaries	Opening Income a/c	Gilts Income	Opening Market value of shares	Dividends	Management Fee
1996	499,264	200,000	465,000	3,000,000	90,000	18,000
1997	549,190	237,736	465,000	3 450,000	103,500	19,350
1998	604,109	237,696	465,000	3,967,500	119,025	20,903
1999	664,520	196,709	465,000	4,562,625	136,879	22,688
2000	730,972	111,380	465,000	5,247,019	157,411	24,741
2001	804,070	21,922	465,000	6,034,072	181,022	27,102
2002	884,477	(163,228)	465,000	6,939,182	208,175	29,818

- Notes**
- (1) 1996 salaries to be covered out of Endowment income as per FLAS projection
 - (2) Assumed that salaries costs will increase by 10% per annum
 - (3) Gilts income calculated at 15.5% per annum
 - (4) 15% year on year capital (market price) increase on shares is assumed (conservative)
 - (5) Dividend yield of 3% on market price is assumed
 - (6) E200 000 opening balance is assumed in income account which is available for use in payment of salaries
 - (7) Management fees are assumed at 0.3% of total portfolio market value
 - (8) On the above assumptions, income account will be overdrawn by approximately E400 000 at the end of 2002, but the nominal value of the total portfolio would be almost E10 million by that date, shares could then be sold and capital profits used to pay salaries if necessary.

Expenditure to date Summary

Period	Salaries	Bank charges	Management fee	Furniture	Total
June 3, 1993 to December 31, 1993	44,622	66	0	13,793	58 481
January 1, 1994 to December 31, 1994	326,535	615	31,978	0	359,128
January 1, 1995 to June 30, 1995	164,520	249	0	0	164,769
Sub-total to June 30, 1995	535,677	930	31,798	13,793	582,378
July 1, 1995 to August 31, 1995	49,125	95	0	0	49,220
Total to August 31, 1995	584,802	1,025	31,978	13,793	631,598

- Note: 1) Audited accounts for year ended December 31, 1994 included depreciation of E1 379 which is excluded as the full capital cost is included which represents cashflow and E31 978 management fee was accrued, which has however not been actually charged by Meridien/FNB to date.
- 2) No management fee has been accrued for 1995 which would amount to approximately E30 000 to August 31, 1995

Potential Returns if Portfolio had been invested on JSE

	Date Invested	Days	Gilt interest	Capital appr.	Dividends
5,329,610	3/6/93	758	830,104	1,199,162	159,888
174,000	6/6/94	390	27,101	18,270	2,610
87,250	15/12/94	197	3,532	4,799	654
14,470	28/2/95	122	363	506	72
200,000	25/6/95	5	205	0	0
Totals			861,305	1,222,737	163,224

- Notes:**
- (1) Assumed investments split 50/50 in gilts and blue chip shares
 - (2) Capital appreciation factors : 45% (3/6/95); 21% (6/6/94); 11% (15/12/94); 7% (28/2/95); 0% (25/6/95) at 20 % average appreciation per annum
 - (3) Dividends at 3% per annum on market value

Endowment Portfolio - Income Summary to 30/6/95

Investment/Capital Invested	Date	Period Invested	Income	Effective Rate
<u>SPTC Promissory Notes</u>				
4,964,804.30	26/6/93	24 days	35,195.70	10.78%
4,958,390.40	29/7/93	25 days	41,609.60	12.25%
<u>Swaziland Sugar Assets Debentures</u>				
1,300,000.00	31/1/94	6 months	87,750.00	13.5%
1,300,000.00	31/7/94	6 months	87,750.00	13.5%
1,300,000.00	31/1/95	6 months	87,750.00	13.5%
1,300,000.00	30/6/95	5 months (accrued)	73,125.00	13.5%
<u>SPTC Debentures</u>				
2,542,200.00	30/4/94	6 months	168,420.75	13.25%
2,542,200.00	31/10/94	6 months	168,420.75	13.25%
2,542,200.00	30/4/95	6 months	168,420.75	13.25%
2,542,200.00	30/6/95	2 months (accrued)	56,140.25	13.25%
<u>Meridien/FNB call a/c capital</u>				
1,893,593 (average balance)	30/6/95	758 days	421,975.44	10.73%
Total Endowment Portfolio				
E5,486,067 (average balance)	30/6/95	758 days	1,396,558	12.24%
<u>Meridien Plus/Call a/c income</u>				
N/A	30/6/95	758 days	26,553	N/A
Grand total of income			1,423,111	
<u>Portfolio Investments</u>				
	<u>Date</u>	<u>Period Invested</u>	<u>Weighted average/758</u>	
5,329,610.50	3/6/93	758	5,329,610.50	
174,000.00	6/6/94	390	89,525.07	
87,750.00	26/8/94	309	35,771.44	
220.00	29/9/94	275	79.82	
86,250.00	15/12/94	198	22,529.68	
14,469.80	28/2/95	123	6,967.65	
200,000.00	25/6/95	6	1,583.11	
Total average balance			5,486,067.27	

Meridien Call a/c - Capital Only - Average Balance

Description	Days	Weighted balance	Movements
Opening 3/6/93			5,329,610.50
SPTC promissory notes 3/6/93			<u>(4,964,804.30)</u>
	24	23,987.26	364,806.20
SPTC promissory notes mature 26/6/93			<u>4,964,804.30</u>
	8	116,813.38	5,329,610.50
SPTC promissory notes 5/7/93			<u>(4,958,390.40)</u>
	25	25,426.03	371,220.10
SPTC promissory notes mature 29/7/93			<u>4,958,390.40</u>
	1	14,601.67	5,329,610.50
Application for SSA debentures 30/7/93			<u>(2,500,000.00)</u>
	19	147,294.79	2,829,610.50
Return unaccepted portion of application 18/8/93			<u>1,200,000.00</u>
	74	816,962.07	4,029,610.50
SPTC debentures 31/10/93			<u>(2,542,200.00)</u>
	218	888,371.18	1,487,410.50
Reinvestment (6/6/94)			<u>174,000.00</u>
	81	368,696.56	1,661,410.50
Reinvestment (26/8/94)			<u>87,750.00</u>
	34	162,935.49	1,749,160.50
Reinvestment (29/9/94)			<u>220.00</u>
	77	369,047.38	1,749,380.50
Reinvestment (15/12/94)			<u>86,250.00</u>
	75	377,184.34	1,835,630.50
Reinvestment (28/2/95)			<u>14,469.80</u>
	117	593,045.84	1,850,100.30
Reinvestment (25/6/95)			<u>200,000.00</u>
	5	28,083.57	2,050,100.30
To 30/6/95	<u>758</u>	<u>3,932,449.56</u>	
Annualised	365	1,893,593.40	

Meridien Call n/c - Capital Only - Interest Earned

Sundry Interest Received on Income Accounts

Date	Call Account	Plus Account
31/12/93	3,581.65	-
28/2/94	1,598.60	90.15
31/5/94	1,745.37	2,103.94 (178.35)
31/8/94	3,810.97	88.86 (45.49)
28/2/95	3,675.73	.30 (60.33)
31/3/95	5,096.55	.03 (44.95)
30/6/95	5,090.01	
Total(E26,553.02)	24,598.88	1,954.14

Figures extracted from Meridien/FNB reports

Sundry Investment Management Issues

A. List of Investments made by Managers - Meridien/FNB

1. SPTC promissory notes, maturing value E5,000,000, for periods 3/6/93 to 26/6/93 and 5/7/93 to 29/7/93 bearing interest at 10.78% to 12.25% per annum effective
2. Swaziland Sugar Assets debentures, value E1,300,000 on 30/7/93 to date, bearing interest at 13.50% per annum
3. Swaziland Post and Telecommunications debentures, value E2,542,200 on 31/10/93 to date bearing interest at 13.25% per annum
4. All residual and reinvestment amounts have been invested in a Meridien/FNB call account, bearing interest at rates between 9.50% and 13.25% over the period

B. Reports Produced by Meridien/FNB

Reporting period	Months	Report date
3/6/93 - 31/10/93	5	4/11/93
1/11/93 - 28/2/94	4	4/3/94
1/3/94 - 31/5/94	3	8/6/94
1/6/94 - 31/8/94	3	28/9/94
1/9/94 - 28/2/95	6	10/3/95
1/3/95 - 31/3/95	1	19/6/95
1/4/95 - 30/6/95	3	24/7/95

C. Issues with Meridien/FNB as Investment Managers

1. Management charge 0.6% as opposed to about 0.3% available from professional fund managers in S.A.
2. Effectively charging FLAS for keeping money in call account with Meridien/FNB
3. Treatment of interest receipts and accruals has not been consistent from period to period
4. Length of periods reported on have varied from one month to six months rather than the quarterly reports that were supposed to be produced

5. Meridien/FNB have really only made three investments for their approximately E80,000 fees, namely E5 million in SPTC short term promissory notes, E1.3 million SSA Assets debentures and E2,542,200 in SPTC debentures
6. Not possible from reports to tell when reinvestments were made into endowment portfolio and how much these were for
7. Official responsible for managing fund and liaising with FLAS has changed often over a relatively short timeframe
8. Meridien/FNB have not actually levied the management fees to date
9. Bank charges of approximately E500 have been levied by Meridien/FNB, which in terms of MOU should have been discussed with FLAS first, but were not

Annexure B

Completed Compliance Program

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Grant Agreement conditions	27
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Grant Agreement Conditions

Condition	Evaluator comments
1. Prior to using endowment income FLAS to consult with USAID Director on which activities it wishes to support and what results it wishes to achieve thereby.	Per USAID Program Manager yes
2. FLAS to document activities and results USAID wants in a Workplan for Endowed Activities to be approved by USAID Director and reviewed monthly by FLAS and USAID.	Seen copy of Workplan for Endowed Activities
3. FLAS to report semi-annually (March and September) to USAID Program Manager on progress of each activity in the workplan.	Seen reports through to September 1995
4. FLAS to arrange for annual endowment audit including where funds are invested, current value, income received from endowment and how income has been used.	Endowment audited accounts seen for 31/12/93 and 31/12/94
5. Cost of auditing Endowment can be covered by Endowment income.	Have used USAID direct funds to date for this
6 Special provision regarding drug-free workplace requirements: <ul style="list-style-type: none"> • publish statement notifying employees of prohibitions in workplace • establish employee drug-free awareness program • take appropriate action in the event of drug abuse in workplace by any employee • restrictions and disclosure requirements on use of Federal and other funds for influencing certain types of officials regarding certain types of transactions 	Part of HR Manual Part of HR Manual No cases detected No such cases

Grant Agreement Conditions (continued)

Condition	Evaluator comments
7 FLAS will invest the endowment principal and use the income from these investments over the long-term to improve quality/initiate new family planning activities in accordance with the goals set forth in FLAS's long-term strategic plan.	Per USAID Program Manager has occurred
8. During the life of the program, USAID will work with FLAS to select activities to be supported with endowment income, monitor implementation and evaluate results.	Per USAID Program Manager has occurred
9. At the end of the program, FLAS will have demonstrated the ability to responsibly invest endowment principal and use income to improve/expand provision of family planning services.	In conjunction with this study has occurred and is intended to continue
10. Chairman of FLAS's board and Executive Director will be sole signatories on account with both signatures required for all transactions.	In place, saw 10 returned paid cheques signed by both since April 1995
11. FLAS to invest endowment principal to obtain highest rate of return consistent with capital preservation and minimising need for FLAS active investment management.	Has occurred with Meridien/FNB asset managers, but limitation to Swd. has been a constraint
12. FLAS not to make high-risk investment or investments not likely to generate relatively predictable and consistent returns.	Not occurred and will not be recommended
13. FLAS to make no investment other than bank deposits (or comparable fixed interest instruments) without prior advice by financial professional and without securing professionals expertise to manage such assets.	All investments made on the advice of Meridien/FNB professional asset managers
14. During life of program, unless USAID agree otherwise in writing, FLAS to invest principal in Swazi securities.	Has occurred to 30/9/95 which is end of program
15. During life of program, FLAS not to invest in real estate.	No real estate investments to date
16. FLAS not to invest in firms engaged in: <ul style="list-style-type: none"> • manufacture/sale of military/police equipment, including weapons, explosives and surveillance equipment • abortion services or abortion related equipment • weather modification equipment • alcoholic beverages, tobacco products, gambling or services, unless sale of such products/services is incidental to sale of other products/services 	No such restricted investments made and restrictions will be placed on new investments with any future asset managers

Grant Agreement Conditions (continued)

Condition	Evaluator comments
17. FLAS to ensure all endowment income to be deposited in a separate local bank account.	Seen evidence from Meridien/FNB that this has occurred
18. All withdrawals on income account to be for program purposes as specified and must be by cheque with FLAS maintaining records.	Appears okay from review and discussion with Financial Controller
19. FLAS to only use funds from income account for investment purposes.	Seen evidence from Meridien/FNB that this has occurred
20. All funds not in income account considered part of endowment portfolio and to be used solely to earn income.	Seen evidence from Meridien/FNB that this has occurred
21. Endowment portfolio not to be used to fund family planning activities or as collateral against any loan or other financial obligations of FLAS.	Capital has not been utilised only income
22. FLAS to periodically monitor inflation of its operating costs, return on its investments and its program requirements.	Budgets, three-year plans prepared, seen
23. FLAS to make every effort to minimise depreciation of endowment principal by reinvesting a portion of investment income in endowment portfolio so that a significant portion of FLAS's program activities are funded from endowment income for at least 10 years. (i.e. 7 years after October 1, 1995).	Done to date, purpose of this assignment is partly to ensure effort continues
24. FLAS to amend its Charter to: <ul style="list-style-type: none"> • preclude FLAS from utilising the endowment portfolio other than for investment • ensure at least one FLAS director has an established financial reputation in Swaziland • formulate an investment plan including reinvestment of income to be approved in writing by USAID Director (and any amendments) and to be reviewed at least annually by FLAS. 	Financial Bye Laws Section 3C, Page 2 Constitution Article 9 Clause 2 Not in Constitution
25. FLAS directors to exercise reasonable care, act in good faith and avoid conflicts of interest with investment decisions.	No evidence of contravention

Grant Agreement Conditions (continued)

Condition	Evaluator comments
26. Transfers of endowment investments to be approved by FLAS Chairman and Executive Director and USAID Director.	Transfers appear properly authorised
27. FLAS to provide USAID Program Manager with documentary proof of transfers.	Program Manager confirmed receiving these monthly
28. Endowment income can only be used for purposes of direct and demonstrable relevance to family planning.	Has been applied properly
29. Uses include but are not limited to: <ul style="list-style-type: none"> • rent, operation and maintenance of clinics where principal services are family planning (excluding abortion) • purchase of such facilities • salaries for FLAS employees providing/managing family planning services, including education and counselling • design, production and evaluation of family planning promotional and educational materials, including salaries, cost of materials and media space • programs designed to raise socio-economic and educational levels of women, which include family planning components • collaboration with other organisations to incorporate family planning in their activities • family life education in schools 	<p>not used to date for this - IPPF/USAID direct funds</p> <p>not used to date for this - USAID direct funds</p> <p>almost completely used for salaries</p> <p>not used to date for this - USAID direct funds</p> <p>not used to date for this - IPPF direct funds</p> <p>not used to date for this - IPPF/USAID direct funds</p> <p>salaries only Note: other expenses to date are bank charges and furniture only</p>
30. FLAS not to use endowment income for activities with tenuous or less direct links to family planning.	Has been applied properly

Other Documents Conditions

Condition	Evaluator comments
<u>Project Authorisation</u>	
(1) Ref 3(a) - Source and origin of commodities and nationality of suppliers of commodities and services financed under the Project - Swaziland, USA, AID Geographic code 935, or USAID to agree in writing	Procurements only from within Swaziland
<u>Action Memorandum</u>	
(2) Ref D2 - Intended that endowment income should cover 25% of FLAS's budget over at least a 10 year period.	Built into plan for investments
(3) Ref E10 - Other major donor is International Planned Parenthood Federation (IPPF), expected to cover well over 25% of project costs.	IPPF continues to do so
<u>Proposal to Establish Endowment</u>	
(4) Ref A2 - In 1991 FLAS distributed contraceptives sufficient to protect 5446 couples for 1 year.	Comparisons made in FLAS final evaluation
(5) Ref B1 - FLAS strategic planning exercise sets out 8 goals in the 1990's: <ul style="list-style-type: none"> • become a national technical assistance resource for developing, implementing and evaluating family planning (FP) programs • achieve greater sustainability through an increased and diversified resource base • advocate at national level socio-economic policies favourable to acceptance of FP • provide and promote information and education related to FP and high quality FP services • increase provision of FP information and services to disadvantaged persons through demonstration projects and collaboration with other organisations • provide first-line information on STD's and AIDS and referral for further counselling • incorporate FP planning into programs of other agencies to improve status of women, especially young rural women • improve FLAS's overall managerial and technical capabilities 	<p>Has occurred through Research and Evaluation Department</p> <p>Has not occurred to date</p> <p>Has occurred as seen through public awareness and level of debate on FP issues</p> <p>Has occurred</p> <p>Has occurred, particularly through private sector unit development</p> <p>Has occurred at clinics</p> <p>Has occurred through liaison</p> <p>Has occurred through management development and technical recruitment</p>

Other Documents Conditions (continued)

Condition	Evaluator comments
(6) Ref B1 - FLAS's program goals are to increase contraceptive prevalence and decrease incidence of STD's and AIDS.	Successful in increased contraceptive prevalence, but not in decreasing incidence of STD's and AIDS
(7) Ref B2 - FLAS clinics currently provide FP services, STD counselling and treatment, pregnancy tests	Continue to do so
(8) Ref C3 - FLAS to periodically monitor actual inflation of its operating costs, return on investments, and program requirements for a reasonable balance between reinvesting and spending	Has occurred - budgets and reinvestments plans
(9) Ref C3 - Illustrative examples of new activities the Endowment Fund could be used for: A: <ul style="list-style-type: none"> • hire 2 new clinic nurses (1 extra at Manzini; 1 relief for all clinics) (E44 461) • hire 1 extra staff for Research and Evaluation Unit (E20 782) • hire 1 additional nurse for expanded industries and private sector work (E20 782) • expanded medical back-up at FLAS clinics (E48 000) • increasing cost of "second line" STD antibiotics (E75 000) • cost of retaining FHS staff after project end 31/12/93 (E140 747) • total above costs (for 1994) estimate E349 772 	Main use of Endowment income has been on salaries and increased activities have been seen through additional clinic and private sector staff recruited and greater number of patients seen and contraceptives distributed

Other Documents Conditions (continued)

Condition	Evaluator comments
<p>B:</p> <ul style="list-style-type: none"> mobile clinics serving smaller towns and possibly smaller industries - 2 additional nurses (E44 461) vehicle operational and maintenance costs (E50 000) expansion of women's development activities with strong FP components - 2 co-ordinators (E44 461) and 1 vehicle maintenance (E20 000) new unit to train industry and other organisations' staff in FP matters - 4 staff (E205 652) total above costs (for 1994) estimate E294 7.4 (should be E364 574) 	<p>See A above</p>
<p>C:</p> <ul style="list-style-type: none"> assistance to Ministry of Education to expand education of FLE matters at schools - 2 additional staff and additional office space (E40 000) 	<p>See A above</p>
<p>D:</p> <ul style="list-style-type: none"> vehicles for mobile clinics and expanded women's development (E240 000) in-service training for FLAS staff (E150 000) expansion of industry based activities to other industries and private sector (E750 000) design and implementation of a new population and development and gender awareness program (E95 000) equipment and materials for women's development and IE & C activities (E260 000) replacement of existing vehicles (E96 000) replacement of various existing equipment (E53 000) total above costs (for 1994) estimate E1 638 000 (should be E1 644 000) 	<p>See A above</p>

Memorandum of Understanding Conditions

Conditions	Evaluators comments
1. Funds to be invested in Swaziland securities (at least until October 1, 1995).	Has occurred to October 1, 1995
2. Portfolio of investments to have highest rate of return consistent with preservation of capital and generation of relatively predictable and consistent flow of income.	Within other limitations on investments this has been achieved
3. Bank to exercise a high degree of care and loyalty, acting in good faith and with due regard to interests of FLAS and acknowledging FLAS relying on Bank's professional investment advice.	No evidence of contravention by Bank
4. Bank to prepare annual investment plans.	Has occurred but 1995 not received yet
5. Bank to diligently research new investment opportunities and recommend changes to FLAS (either in writing or verbally).	Has occurred to some degree, but there has not been much development of the Swaziland Stock Exchange
6. Bank to furnish FLAS (and copy to USAID) quarterly report on endowment portfolio and income account showing income and transfers and commenting as appropriate.	Has occurred, although very brief reports have been produced
7. FLAS to pay Bank 0.6% on SZL equivalent of US\$1 681 000 on date deposited in endowment account for first 2 years, 0.8% next 2 years and 1% thereafter; any additional Bank charges to be discussed with FLAS before incurred and will be separately billed.	Checked in work done on Endowment income and expenses
8. Funds not to be invested in weapons, abortion, weather-modification, alcohol, tobacco or gambling (unless incidental to other business) sectors.	No contraventions have occurred
9. Effective date of Memorandum of Understanding - April 27, 1993.	Noted for calculation of management fee

Standard Provisions Conditions

Condition	Evaluators comments
1. Unallowable costs, direct or indirect costs, include but are not limited to: advertising, bad debts, contingencies, entertainment, fines and penalties, interest, fund raising, investment management costs, losses on other awards, taxes, first class air fares unless specifically approved.	None of these costs have been incurred to date
2. Grantee to maintain books, records, documents and other evidence in accordance with GAAP (US, Swd or IAS) to sufficiently substantiate charges to the grant.	Books and records have been maintained by FLAS
3. Air travel and transportation to make use of US flag air carriers where these are available.	No such costs incurred to date
4. At least 50% in tonnage and revenue ocean shipment is to be via US flag vessels where these are available at fair and reasonable rates.	No such costs incurred to date
5. FLAS to have procurement system to ensure adequate controls in place including competitive tenders.	Procurement system in place, but minimal procurements made out of Endowment income to date
6. FLAS not to procure without written authority from USAID: agricultural commodities, motor vehicles, pharmaceuticals, pesticides, rubber compounding chemicals and plasticizers, used equipment, US Government owned excess property or fertiliser.	No such procurements out of Endowment income to date
7. FLAS to consult with USAID regarding nature of any acknowledgements in the event of funds being used for publications.	No such procurements out of Endowment income to date
8. Any funded training outside of Swaziland is subject to specific regulations.	No such expenses out of Endowment income to date
9. Population planning for participants must be voluntary, informed non-coercive and broad-based.	Policy has been adhered to per Program Manager
10. Voluntary sterilisations require written consents.	Per USAID Program Manager has been followed; also checked with Nurse in charge at Mbabane Clinic

Operational Performance
Table and Graphs

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Clinics Performance Table

Measured by Usage

Indicator/Clinic	9 months, January to September		
	1993	1994	1995
<u>New Users</u>			
Mbabane	967	1482	1853
Manzini	1294	1738	1622
Malkerns	282	497	491
Total	2543	3717	3966
<u>Revisits</u>			
Mbabane	5083	8359	8899
Manzini	7002	6345	7937
Malkerns	2175	2392	2598
Total	14260	17096	19434
<u>Couple Years Protection</u>			
Mbabane	1603	2886	3553
Manzini	2774	2022	2809
Malkerns	686	769	1000
Total	5063	5677	7362

Figures extracted from September 1993, 1994 and 1995 FLAS Service Statistics Quarterly Reports.

Private Sector Project Performance Table

Measured by Usage

Indicator	8 months January - August	
	1,994	1,995
New Users	3711	5110
Revisits	5734	11557
Couple Years Protection	1758	3820

Note: Totals used not individual organisations to avoid inappropriately high levels of details; participating organisations are:

- Bromor
- Cadbury
- Malindza
- Mananga Management Services
- Natex
- Ndzevane Clinic
- Ngonini Clinic
- Occupational Health Services
- Paper Mills
- Protea
- Shiselweni
- Simunye
- Tambankulu
- Tambuti
- Ubombo Ranches
- Usutu Pulp

Figures extracted from August 1994 and 1995 FLAS Private Sector Service Reports.

Community Based Performance Table

Measured by Usage

Indicator	8 months January - August	
	1,994	1,995
New Users	2400	3574
Revisits	2730	5133
Couple Years Protection	1046	2462
IEC Talks	2603	6006
Counselling Sessions	8782	17001

Note: Totals used not individual areas to avoid inappropriately high levels of details; areas for project are:

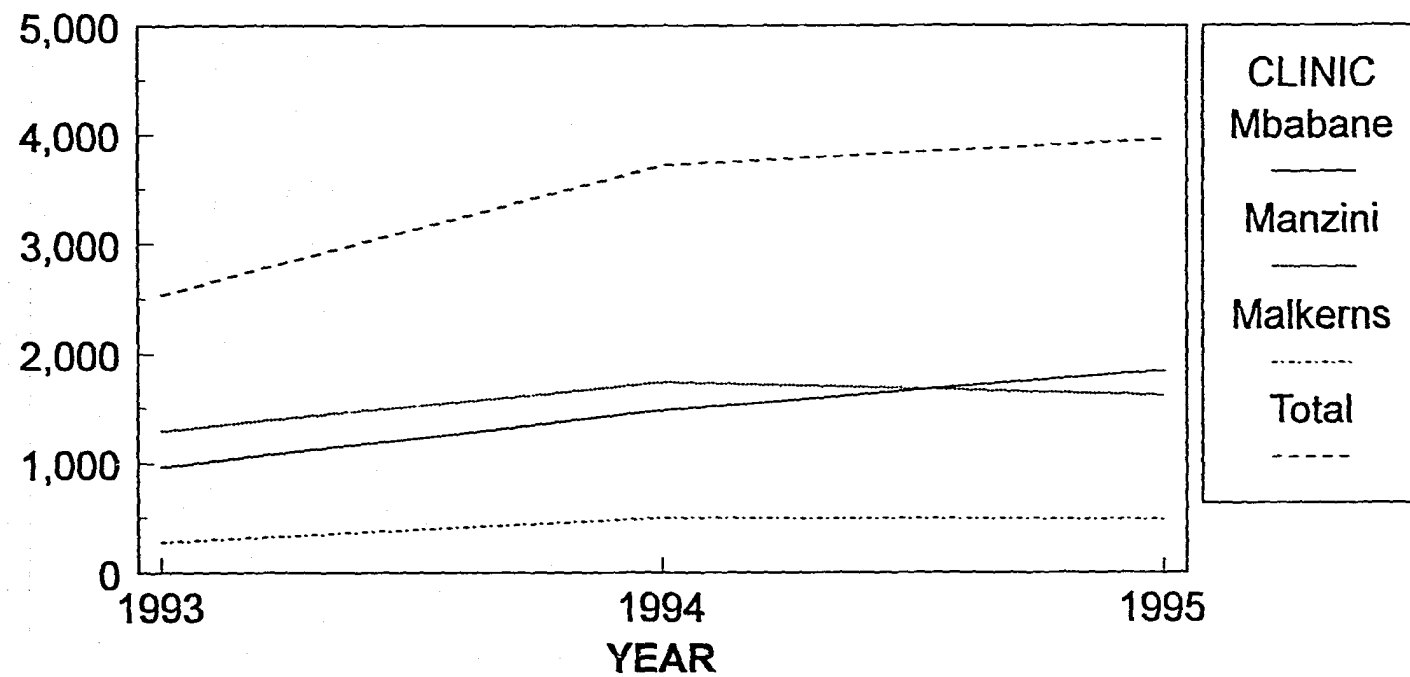
- Hhelehhele
- Madlenya
- Mafucula
- Malindza
- Ndzevane

Figures extracted from August 1994 and August 1995 FLAS CBD Service Statistic Summary Reports.

Clinics Performance Table Measured by Usage

INDICATORS: NEW USERS

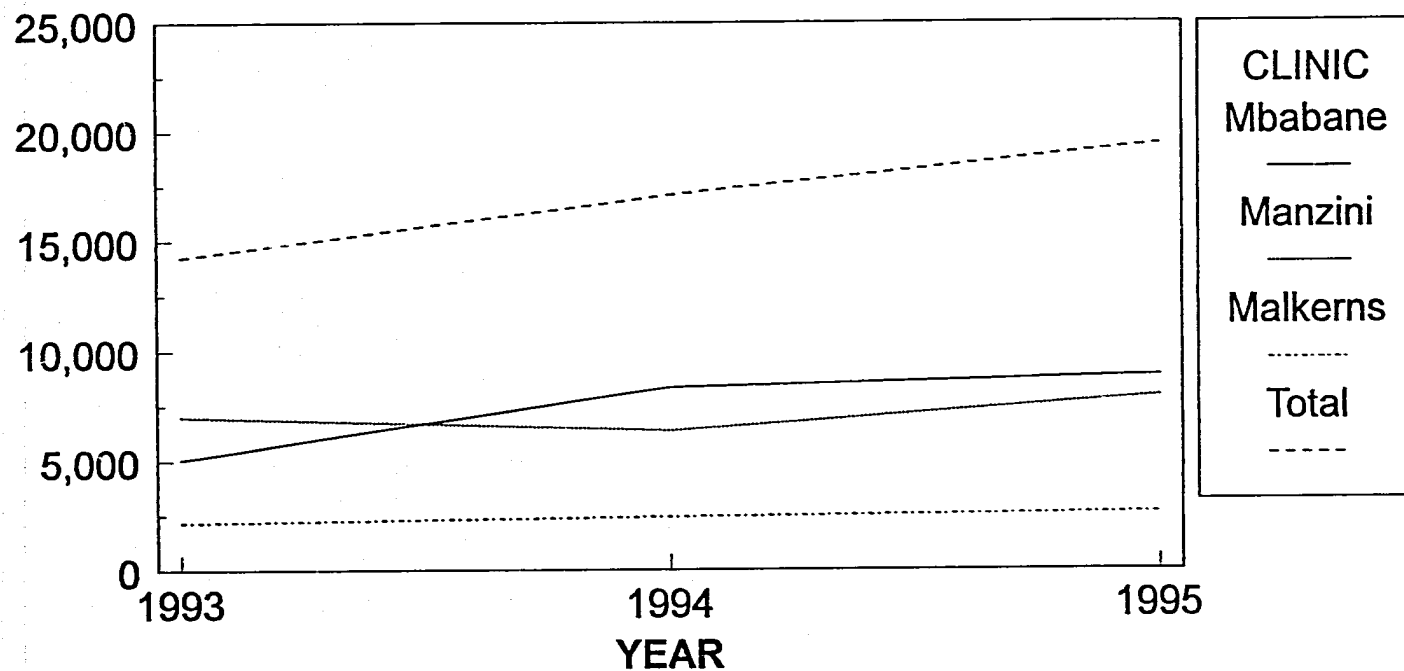
9 months, January to September



Clinics Performance Table Measured by Usage

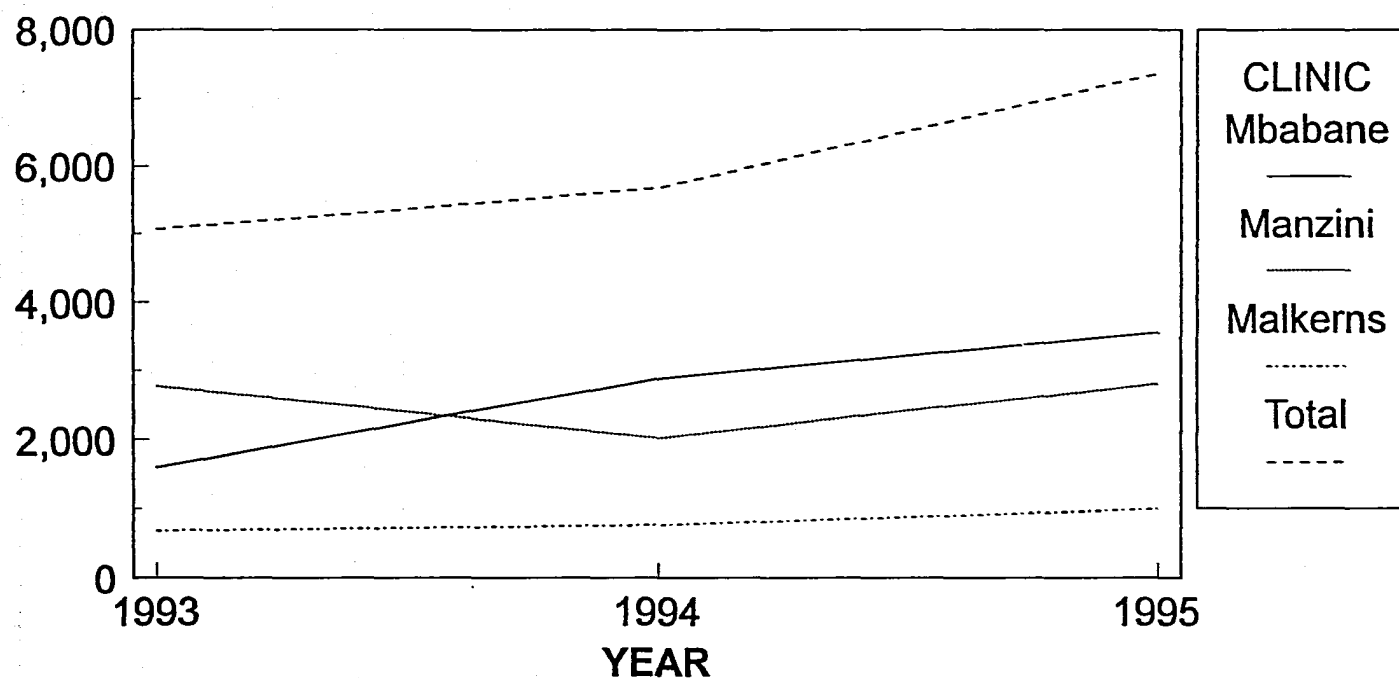
INDICATOR: REVISITS

9 months, January to September



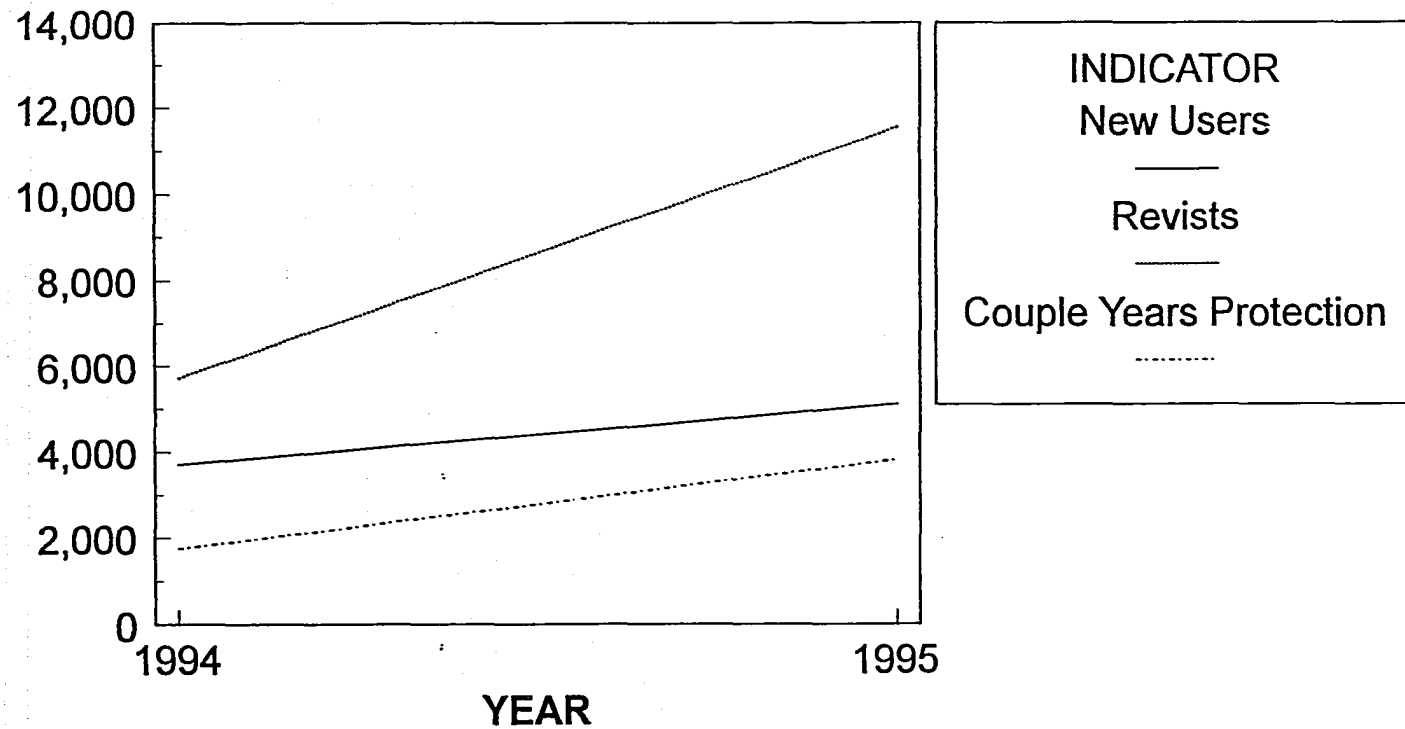
Clinics Performance Table Measured by Usage

INDICATOR: COUPLE YEARS PROTECTION
9 months, January to September



Private Sector Project Performance Table Measured by Usage

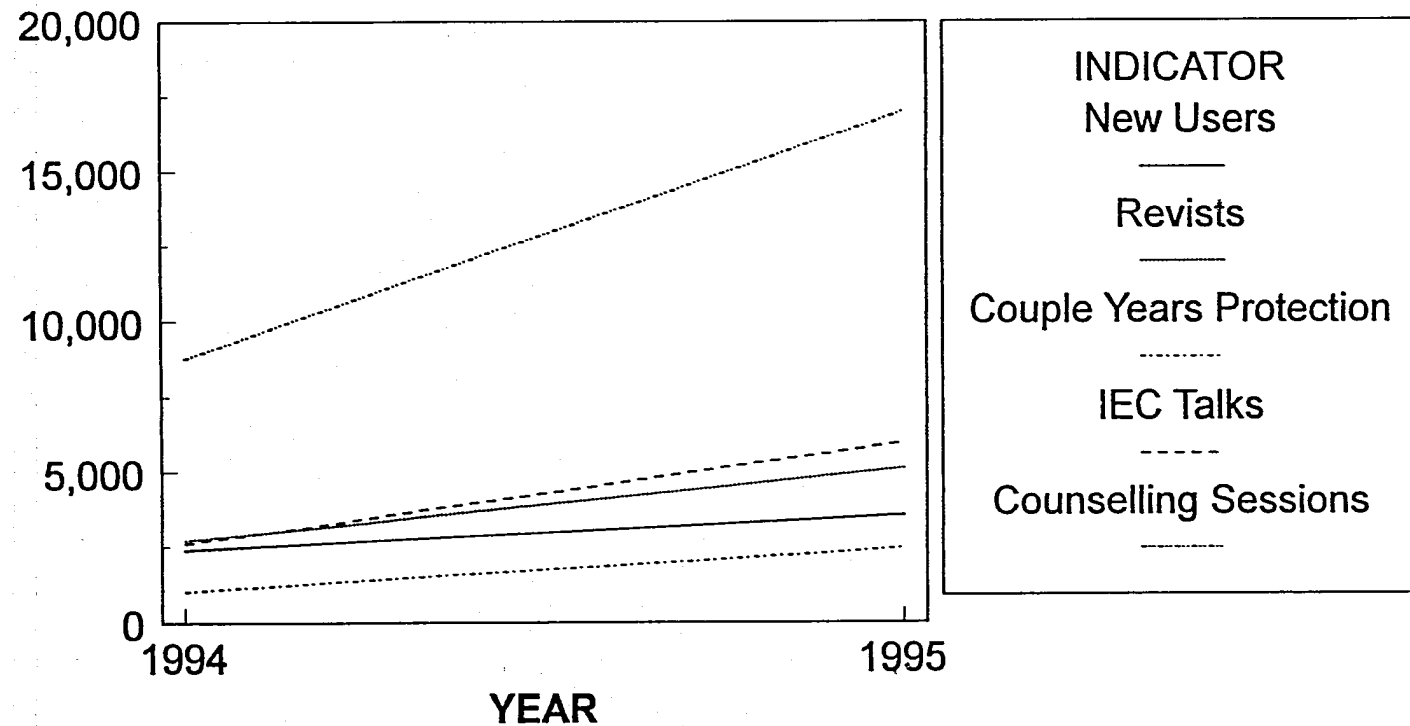
8 months, January to August



Community Based Performance Table

Measured by Usage

8 months, January to August



Annexure D

Completed Performance

Evaluation Program

Performance Evaluation Program

Attribute/Details	Evaluator's comments
A. Achievement of intended results	
(i) Strategic plan goals	
1. Become a national technical assistance resource for developing, implementing and evaluating family planning programs	1. Successful - increased FP programs directly through FLAS and also assisting other programs; evaluation reports have improved
2. Achieve greater sustainability through an increased and diversified resource base	2. Unsuccessful to date, although initial preliminary contacts have now been made to increase resource base, FLAS has until now relied almost entirely on existing USAID and IPPF resources
3. Advocate at national level socio-economic policies favourable to acceptance of FP	3. Successful - as seen through public awareness, level of debate, newspaper articles, etc. on FP issues
4. Provide and promote information and education related to FP and high quality FP services	4. Successful - seen through increased usage of FLAS services at clinics, etc; increased education and information programs; high standard and readily available brochures
5. Increase provision of FP information and services to disadvantaged persons through demonstration projects and collaboration with other organisations	5. Successful - seen through CBD work and assistance to other organisations dealing with, for instance, women, rural areas and youths
6. Provide first-line information on STD's and AIDS and referral for further counselling	Successful - provided and in demand in clinics, private sector and CBD programs
7. Incorporate FP planning into programs of other agencies to improve status of women, especially young rural women	7. Successful - co-operation with Women in Development and CBD programs show this
8. Improve FLAS's overall managerial and technical capabilities	8. Successful - significantly increased service levels and reporting on services has improved
(ii) USAID Program Director additions	
9. Increase contraceptive prevalence	9. Successful - significant increases in CYP as reported by clinics, private sector and CBD
10. Decrease incidence of STD's	10. Unknown - no national measurement system; goal may have been unrealistic
11. Decrease incidence of AIDS	11. Unsuccessful - goal unrealistic, at least in the short to medium term

Performance Evaluation Program (continued)

Attribute/Details	Evaluator's comments
(iii) Grant Agreement	
12. Income from Endowment to be used to improve quality/initiate new family planning activities as per strategic plan	12. Successful - quantity improved, quality of service increased and new programs initiated; goals of strategic plan largely achieved
<u>B. Monitoring and Reporting</u>	
1. Can managers monitor operations adequately?	1. Monthly reports produced on clinics, private sector and CBD operations of a high and informative standard
2. Are financial reports adequate for management to assess position and make plans for future sustainability?	2. Past two years audit reports have commented unfavourably on accounting controls, but budgets and three year plans together with stable and recurrent nature of most expenditure do constitute overall adequate financial reporting
<u>C. Financial Results</u>	
1. How well are costs matched to revenues?	1. Has been well matched in the past, especially due to specific funding from USAID and IPPF- will be more challenging for FLAS in the future
2. How well are assets matched to obligations?	2. Considering nature of FLAS as an NGO, matching is considered adequate
<u>D. Protection of Assets</u>	
1. How well are the following assets protected: a) Stocks of contraceptives b) Stocks of drugs at clinics c) Furniture, computers d) Confidential information	 a) Was a problem due to usage of Government warehouse, now stored at FLAS headquarters, much better control b) Kept in locked storerooms c) Small organisation, therefore low risk d) Information not marketable, therefore low risk
<u>E. Costs and Productivity</u>	
1. Is FLAS getting more output for less input?	1. Clear from trends over past three years in usage of facilities and contraceptives that output has increased greatly - much more so than the cost base

Performance Evaluation Program (continued)

Attribute/Details	Evaluator's comments
<u>F. Appropriateness</u>	
1. Are managers going about their objectives in the best way considering the scope for:	
a) Delegation	a) Reasonable delegation appears to be present, with department heads having real authority
b) Co-operation	b) Appears to be strong degree of co-operation in working environment
c) Decentralisation	c) Operations in clinics, for instance, appear well decentralised
d) Automation	d) Staff and management appear technically competent on computers and level of automation appears appropriate
e) Public awareness	e) Strong component of programs and appears highly successful
f) Control and regulation	f) Control of decentralised operations appears good through use of documents and monthly operational reports
<u>G. Management Direction</u>	
1. Does management understand FLAS's goals and how they fit into the organisations?	1. From observation during visits, appears management understand FLAS's goals and their own functions well
<u>H. Working Environment</u>	
1. Is the working environment healthy, happy and constructive?	1. From observation during visits, the perception is that a very good working environment exists
<u>I. Acceptance</u>	
1. What do FLAS's customers think of its services?	1. Surveys have been conducted by FLAS and very positive responses received
<u>J. Responsiveness</u>	
1. How well are managers anticipating and responding to changing opportunities?	1. Management has adapted well to changes in technical and operational requirements, including increased calls on services. To date however little has been achieved in attracting new sources for revenue, although the need for this has been known for some time

Performance Evaluation Program (continued)

Attribute/Details	Evaluator's comments
<p><u>K. Secondary Impact</u></p> <p>1. What are the secondary effects on:</p> <p>a) Community health</p> <p>b) Economic and social development</p> <p>c) Safety, environmental and other</p>	<p>a) Strong secondary positive effects through FP, FLE and other programs on health issues for users and their families</p> <p>b) Also positive impacts, particularly through better empowerment of women</p> <p>c) No other significant positive or negative effects</p>
<p><u>L. Relevance</u></p> <p>1. How valuable are activities to stakeholders?</p>	<p>1. Considering stakeholders are Swazi citizens, Ministry of Health, IPPF and USAID, activities are clearly directed to required goals and overall achievements to date are impressive</p>

Annexure E

Future Fund

Management

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Contact Details of Potential Fund Managers

Firm	Contact Person	Telephone number	Address
1. Boner & Freemantle Incorporated	Jonathon Rogoff	0711-838-3781	P O Box 62042, Marshalltown, 2107, RSA
2. Senekal Mouton and Kitshoff Incorporated	Gawie Kellerman	0711-833-8110	P O Box 64346, Marshalltown, 2107, RSA
3. Frankel Pollock	Gary Poultney/ Richard Price	0711-833-5640	P O Box 512 Johannesburg, 2000, RSA

Draft Request for Proposals from Fund Managers

Terms of Reference

The Family Life Association of Swaziland (FLAS) was founded in 1979 as a non-governmental, not-for-profit organisation. The primary goal of the organisation is to educate and assist disadvantaged persons on use of contraception, spacing of children and family planning generally. Services are provided to the Swazi public mainly at nominal or no cost. Major donors have been USAID and the International Planned Parenthood Federation (IPPF).

USAID granted FLAS an Endowment Fund of US\$ 1 681 000 in June 1993. USAID will cease direct funding of FLAS operations at the end of 1995 and it is intended that income from the Endowment Fund will be used to cover FLAS salaries for the foreseeable future, at least until 2002.

There is now approximately six million rand in the Fund and FLAS salary requirements for 1996 are approximately a half million rand and will be subject to inflation thereafter, possibly at about 10% per annum. On 1 October 1995 a requirement that all investments be made within Swaziland fell away and FLAS is now intending improving returns through investing in South African gilts and equities.

Your firm has been selected along with two others to propose for management of the fund. Proposals will be rated according to:

- Standing and reputation of the firm
- Understanding and commitment to meeting the particular requirements of FLAS
- Costs for providing asset management services, including any incidental charges such as trading levies and scrip safekeeping.

Firms should show an indication of potential plans for investing the portfolio in a mixture of gilts and blue chip shares to achieve FLAS's requirements for regular cashflow and capital appreciation.

Regulations relating to the Endowment Fund include that investments should be made on a low risk basis. This is not then further specified but it may be assumed that this will be achieved but investing in a mixture of gilts and blue chips. FLAS is also specifically not allowed to invest in companies involved in:

- the manufacture or sale of military or police equipment, including weapons, explosives and surveillance equipment
- abortion services or abortion related equipment

- weather modification equipment
- alcoholic beverages, tobacco products, gambling or related services, unless the sale of such products or services is incidental to the sale of other products or services

Your proposal should also include details of the professional staff who will be responsible for managing the fund.

Your proposal together with supporting brochures and documents should be submitted in writing by 12 December 1995 to:

The Executive Director
Family Life Association of Swaziland
P O Box 1051
Manzini
Swaziland

If you have any queries regarding the above please contact Mrs Khetsiwe Dlamini, the FLAS Executive Director, or Mr Kenneth Simelane, the Financial Controller on 09268 - 53082/8.

Draft Checklist for Rating of Proposals

The major factors which should be considered when assessing proposals for management of the Endowment Fund together with possible weightings for rating them are:

- Standing and reputation of the firm (30%)
- Understanding of and commitment to meeting particular requirements of FLAS (50%)
- Likely costs for providing asset management services (20%)

Initial enquiries have been made and three firms as listed earlier in this Annexure have been contacted to possibly propose for management of the Endowment Portfolio. FLAS may wish to make further investigations and identify other potential reputable firms. It is not however recommended that the fund management be offered to a large number of potential managers as they are then not likely to put as much effort into their proposals. Rating of each firm's standing and reputation can be made through consideration of information contained in their brochures and proposals, particularly relating to size, age and client base.

Understanding of and commitment to FLAS's particular requirements can be assessed from the contents of the proposals. Firms should develop initial plans for investing in a mixture of gilts and blue chip shares to achieve FLAS's requirements for regular cashflow and capital appreciation. There should also be an indication of the professional staff who will be directly involved in managing the fund.

Costs for managing the fund are likely to be in the region of 0.3% per annum of market value of the portfolio. Charges are not however standardised and may be on a sliding scale or negotiable basis. Sundry other charges may also be levied for transactions, scrip safekeeping and other services and these should also be considered in the evaluation. Where management fees are fairly similar, care should be taken that undue importance is not placed on this factor.

It may be worth phoning brokers before sending our requests for proposals and then faxing these through to speed up the process, especially as the South African postal service is currently very slow. Addresses and contact names should also be checked.